

HOWARD COUNTY COUNCIL

Minutes (approved)

Monthly Meeting

April 21, 2009

Chairperson Mary Kay Sigaty called the monthly meeting to order at 12:06 pm on April 21, 2009, in the C. Vernon Gray Room, 8930 Stanford Boulevard, Columbia, MD.

Members present on call to order: Calvin Ball, Mary Kay Sigaty, Jennifer Terrasa, Greg Fox and Courtney Watson.

Spending Affordability Advisory Committee. Citizen members present: Richard Clinch, PhD, Mary Jane Grauso, PTA Council, Jonathan S. Weinstein, PMP. Government members present: Haskell Arnold, County Auditor, Raymond Brown, Chief Operating Officer, Department of Education, Raymond S. Wacks, Budget Administrator (Chair). The Committee summarized its Report for Fiscal Year 2010.

The decline in revenue from income tax is a particular concern. The decline has three components: increased unemployment, reduced profits by self employed and capital losses. Income tax revenues were originally budgeted for \$331 million in FY 2009 to \$319 million now and to \$300 million in FY2010. The Committee modeled high, middle and low scenarios. The FY2010 budget adopts the low scenario. The model projects a further decline for 2011.

An additional concern is on-going costs and the potential for inflation from the influx of federal dollars as the economy recovers.

The Committee suggests the need for frequent monitoring and searching for opportunities to benefit from favorable pricing.

Mr. Wacks also discussed the lag between the bonding in the FY2010 budget and the impact on debt service. Although the Committee considered reducing the bonds from \$100 million to \$80 million or \$90 million, the impact would be in the out years. The larger current impact is the rate of growth in education. There was a general discussion of the planning factors for the Board of Education.

Mr. Wacks indicated that the negative projections do not create a structural deficit budget. There is the opportunity to control spending, with the exception of Other Post Employment Benefits (OPEB), debt service and pensions. Although there is a decrease in OPEB for 2010, funding will need to increase in the future.

For property taxes, although assessments are slowing, revenues continue to grow as a result of the phase-in of the cap on property taxes.

The Committee also considered alternatives for funding school construction. Lease-purchase is not viable due to the already low cost of borrowing. So far, there has been little appetite for either raising the transfer tax or expanding the excise tax.

There was also a discussion about the need for schools in the Route 1 Corridor in response to coming residential projects and Base Realignment and Closure development.

Revenue Projections. Mr. Wacks indicated that the budget is close to breaking even. The deficit of \$10-\$12 million is offset by sufficient savings. The controlling factor will be income tax revenues, which will be reported on July 30, 2009. He reemphasized the decline in income tax revenues from the original estimate for FY 2009 and discussed the reallocation of OPEB, which is the same magnitude as State cuts.

Administrative Matters. The members discussed the need for bankruptcy advice in connection with ZRA 113 and the proposed amendment to the General Plan following the Chapter 11 bankruptcy filing by General Growth Properties Inc. The members also discussed attendance at MACo. Both subjects were referred to the Council Administrator for further information. Finally, the Administrator will confirm that the County Administration has budgeted TV production of Council sessions at the Board of Education for FY 2010.

The meeting adjourned at 1:10 p.m.